

PURCHASE OF SERVICE AGREEMENT

THIS PURCHASE OF SERVICE AGREEMENT, made and entered into on the _____ day of July, 2015, by and between the LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT, an urban county government of the Commonwealth of Kentucky, created pursuant to KRS Chapter 67A (“Government”) on behalf of its Chief Development Officer (“CDO”) and the LEXINGTON DOWNTOWN DEVELOPMENT AUTHORITY, INC. (“Organization”), with offices located at 101 East Vine Street, Suite 500 Lexington, Kentucky 40507.

WITNESSETH:

That for and in consideration of the mutual promises and covenants herein expressed, the Government and the Organization agree as follows:

1. Government hereby retains Organization for the period beginning on July 1, 2015, and continuing for a period of twelve (12) months from that date unless within that period Government gives the Organization thirty (30) days written notice of termination of this Agreement in which case this Agreement shall terminate thirty (30) days from the date notice is given to the Organization.

2. The Organization agrees to provide the following services throughout Fayette County, with particular focus on the downtown area and those provided in Exhibit A attached hereto:

(a) Facilitate development and redevelopment projects within Fayette County;

(b) Acquire, construct, maintain, add to, and improve any "public project" as defined in KRS 58.010, provided, however, the Organization shall not acquire, construct, maintain, add to, or improve any "public project" as defined in KRS 58.010 with respect to the Lexington Center Corporation, or its property, without its consent;

(c) Coordinate urban county policies and programs relating to public investment for financing development and redevelopment projects within Fayette County;

(d) Develop and coordinate the implementation of downtown, neighborhood, area-wide and corridor plans and policies of the urban county government, consistent with, and in coordination with, other urban county departments and agencies with responsibilities in the same area;

(e) Establish design and related standards or guidelines for development and redevelopment projects within Fayette County, consistent with, and in coordination with, other urban county departments and agencies with responsibilities in the same area;

(f) Coordinate the activities of other urban county government supported departments, offices, organizations and corporations involved in development and redevelopment related activities;

(g) Exercise other related powers and duties consistent with Sections 2-428, et seq., of Government's Code of Ordinances.

3. In consideration for the Organization providing the services more particularly described in paragraph 2 above, the Government shall pay the organization the sum of **Three Hundred Eighty Four Thousand Eight Hundred Ninety Dollars** (\$384,890.00), one fourth

(1/4th) of which shall be payable each quarter, within (ten) 10 days after receipt of the report required in Paragraph 7 herein, July to June, inclusive.

4. In the event of termination of this Agreement by Government as provided for in paragraph 1 above, Organization shall be entitled to that portion of total compensation due under this Agreement as the service rendered bears to the service required hereunder.

5. Organization shall perform all duties and services included in the Addendum attached hereto faithfully and satisfactorily at the time, place and for the duration prescribed herein. Organization shall keep itself fully informed of all national and state laws and all municipal ordinances and regulations in any manner affecting the work or performance of this Agreement, and shall at all times observe and comply with such laws, ordinances and regulations, whether or not such laws, ordinances or regulations are mentioned herein, and shall indemnify Government, its officers, agents and employees against any claim or liability arising from and based on Organization's violation of any such laws, ordinances or regulations.

6. Organization represents that it has filed federal, state or local income tax returns required by law in the legally prescribed time and manner. This Agreement shall not become effective unless and until copies of all of the executed originals of the aforementioned tax returns filed for the most recent tax year for the Organization have been registered by the Organization in the office of the CDO, and the Organization shall not be compensated unless and until such registration has taken place.

7. The Organization shall, at the end of each quarter and by no later than the 10th working day of the succeeding quarter, on such forms as the CDO shall provide, submit to the

CDO: a report containing, for each of the services enumerated in Exhibit A which were provided in the preceding quarter (a) a description of the service provided, including the costs of providing services and the quantity and quality of the service provided, and (b) the additional information requested in and submitted on the form attached hereto as Exhibit B and incorporated herein by reference (or a similar form created and provided to Organization by the Government); and (c) an invoice requesting compensation for the services provided during the preceding quarter. Any and all provisions of this Agreement to the contrary notwithstanding, the compensation of Organization for each quarter of the Agreement shall not be paid unless and until Organization submits the satisfactorily completed quarterly report and invoice required hereunder. In addition, Organization shall be required to present a progress report as to its activities annually year before the Urban County Council's Budget, Finance & Economic Development Committee, or as otherwise instructed by the Government.

8. Books of accounts shall be kept by the Organization and entries shall be made therein of all money, goods, effects, debts, sales, purchases, receipts, payments and any other transactions of the Organization. The books of accounts, together with all bonds, notes, bills, letters and other writings belonging to the Organization, shall be maintained at the principal place of business of the Organization as set forth in this Agreement. Government shall have free and complete access to the books, papers and affairs of the Organization at all reasonable times, and if it desires, it may have the books and papers of the Organization audited and examined by auditors, accountants or attorneys. Any examination shall be at the expense of the Government.

9. Government may designate such persons as may be necessary to monitor and evaluate the services rendered by the Organization. The Government, its agents and employees, shall, at all times, have unrestricted access to all places where or in which the services required hereunder are being carried on and conducted. Inspection and monitoring of the work by these authorities shall in no manner be presumed to relieve in any degree the responsibility or obligations of Organization, or to constitute Organization an agent of the Government.

10. Organization shall provide equal opportunity in employment for all qualified persons, shall prohibit discrimination in employment because of race, color, creed, national origin, sex or age, sexual orientation or gender identity, or handicap, shall promote equal employment through a positive, continuing program of equal employment, and shall cause each of its subcontracting agencies to do so. This program of equal employment opportunity shall apply to every aspect of its employment policies and practices.

11. Organization shall adopt a written sexual harassment policy, which shall, at a minimum, contain a statement of current law; a list of prohibited behaviors; a complaint process; and a procedure which provides for a confidential investigation of all complaints. The policy shall be given to all employees and clients and shall be posted at all locations where Organization conducts business. The policy shall be submitted to the Department of Law for review within thirty (30) days of the execution of this Agreement.

12. The Organization agrees that all revenue and expenditures shall be audited at least annually by independent certified public accountants who shall express an opinion as to whether or not revenue and expenditures during the year audited have conformed to state and

local law and regulation. A copy of this audit shall be submitted to the Government within 10 days of completion.

13. Organization agrees that it shall apply all funds received by it from the Urban County Government in accordance with the following investment policy guidelines:

A. Objectives--Capital preservation with surety of income. Reasonable competitive income consistent with high investment quality and purpose of funds. All investments shall conform with state and local law and regulations and these Policies.

B. Investment Funds Management--The governing board may elect to either:

(1) manage its investments through its executive director where the size or complexity of funds to be managed is deemed by the board to be within the training, expertise and/or available time capacity of the executive director and the operating staff;

-or-

(2) utilize the professional investment management facilities of a local bank trust department acting in a fiduciary capacity within the same approved investment policies and federal, state, local and trust laws and regulations. The trust department may utilize its regular short-term 100% U.S. Treasury Fund for daily funds investment. The election of option 1 or 2 should be made consistent with the relative cost incurred and in the case of option 2 the cost shall be competitive among local trust departments.

C. Investment Policies--Safety and Prudence.

- (1) Short-term liquidity funds shall be invested in "riskless" investments, i.e., deposits in Kentucky commercial banks or savings and loan associations that are fully federally insured or deposits collateralized by U.S. Treasury securities with a current market value of at least 100%, or in direct obligations of U.S. Treasury securities.

Investments shall be diversified according to maturity in order to meet projected cash flow needs. Collateral pledged to secure uninsured deposits shall be held at a federal reserve bank with the receipt providing absolute control by the agency.

- (2) Retirement funds, endowment funds, long-term capital reserve funds and any other special funds may be held and invested by a local bank trust department under investment objectives and diversification in accordance with the individual nature of the funds and pursuant to the "prudent man" investment rule as well as general trust law.
- (3) All investments shall be reviewed monthly by a finance or investment committee of the agency.
- (4) Local brokerage firms may hold and invest funds provided that investments are located within Kentucky and are fully insured.

D. Audit--All investments shall be audited at least annually by independent certified public accountants who shall express an opinion as to whether or

not investments during the year audited have conformed with state and local law and regulation and with the approved investment policies.

14. This instrument contains the entire agreement between the parties, and no statement, promises or inducements made by either party or agent of either party that is not contained in this written Agreement shall be valid and binding; and this Agreement may not be enlarged, modified or altered except in writing signed by the parties and endorsed hereon.

IN WITNESS WHEREOF, the parties have executed this Agreement at Lexington, Kentucky, the day and year first above written.

LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT

BY: _____
JIM GRAY, MAYOR

ATTEST:

MEREDITH NELSON
CLERK OF URBAN COUNTY COUNCIL

LEXINGTON DOWNTOWN
DEVELOPMENT AUTHORITY, INC.

BY: _____
DAVID FREIBERT, CHAIRPERSON

ATTEST:

WITNESS/DATE: _____

EXHIBIT “A”

Lexington/Fayette Urban County Government

Addendum for Services

Lexington Downtown Development Authority

Scope of Work

Local Contribution

During fiscal year 2016 the Lexington Downtown Development Authority (LDDA) will use these funds to:

Increase private investment in downtown Lexington

- DDA will work to accelerate positive change through promoting incentivizing, and undertaking real estate projects in downtown and the surrounding neighborhoods that will act as a catalysts for further positive development
- Tackle toughest challenges by identifying and recruiting development partners for key locations or projects.
- Work with the public and private sectors to close the gap and seal the deal on high value projects.
- Provide actionable real estate analysis
- Drive investment into challenged neighborhoods

Identify and work to eliminate barriers to investment in the downtown business district

- Benchmark and provide annual reports on the status of downtown
- Develop practical policy solutions, often on a customized basis
- Provide expertise on development planning issues
- Commission plans to provide guide posts for the future.

Maintain the popular perception of downtown and area neighborhoods as a vital element in future economic growth for the metropolitan area.

- Build coalitions around signature economic development projects
- Provide information and commentary to media outlets on urban issues
- Promote Lexington and the Bluegrass to regional and national audiences

Project involvement on behalf of Lexington-Fayette Urban County Government

- Town Branch Commons
- Euclid Avenue/Collegetown Partnership
- Liveable LEX
- Advisory role for Old Fayette County Courthouse

EXHIBIT "B"

Lexington/Fayette Urban County Government

Addendum for Services

Lexington Downtown Development Authority

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
ECONOMIC DEVELOPMENT PARTNER AGENCY QUARTERLY REPORT
FISCAL YEAR 2016**

Economic Development Partner Agency:

Lexington Downtown Development Authority (DDA)

Date:

Put Submission Date Here

Outcome Evaluation

Using this Addendum "B" to the Lexington Downtown Development Authority (DDA) Purchase of Service Agreement, please demonstrate progress towards stated goals and initiatives

NOTE: If there have been changes to your Lexington-Fayette Urban County Government funded program(s) necessitating amendment of your approved outcomes, please contact Kevin Atkins, Chief Development Officer, 859.258.3110 (or email at katkins@lexingtonky.gov) to discuss the proposed amendments.

Accelerate Positive Change Through Promoting, Incentivizing, and Undertaking Real Estate Projects in Downtown and the Surrounding Neighborhoods that will Act as Catalysts for Further Positive Development

1. Please describe how the Lexington Development Authority has been engaged in identifying and recruiting development partners for key locations or projects downtown.

ANSWER (1) HERE

2. Describe how the Lexington Downtown Development Authority in the most recent quarter has worked with both the public and private sectors to close the gap and seal the deal on high value projects. Please list those projects as part of the answer.

ANSWER (2) HERE

3. Describe actionable real estate analysis provided during the most recent quarter. How has the analysis been used to benefit the downtown area? Have the analysis led to additional investment in the Central Business District or the neighborhoods surrounding the district? If so, what has been the size of that investment?

ANSWER (3) HERE

4. Describe how DDA has been engaged in driving investment into challenged neighborhoods and the Central Business District in the most recent quarter.

ANSWER (4) HERE

5. What is the toughest development challenge DDA has been directly involved in tackling during the most recent quarter?

ANSWER (5) HERE

Identifying and Eliminating Barriers to Investment in Downtown Lexington

1. Describe any benchmarking activity DDA has been involved in during the most recent quarter regarding the status of downtown. How has that information been used to benefit the downtown business district?

ANSWER (1) HERE

2. Has DDA participated in the development of any policy solutions on issues regarding downtown in the most recent quarter. Have any of those solutions been provided on a customized basis?

ANSWER (2) HERE

3. In development of solutions to planning issues what assistance or expertise has DDA provided to both Lexington-Fayette Urban County Government and developers during the most recent quarter?

ANSWER (3) HERE

4. Provide details on any plans to provide guide posts for the future DDA has been actively engaged in during the most recent quarter.

ANSWER (4) HERE

Maintain the Popular Perception of Downtown and Area Neighborhoods as a Vital Element in Future Economic Growth for the Metropolitan Area

1. Describe how DDA has been involved in building coalitions around the signature economic development project downtown during the most recent quarter.

ANSWER (1) HERE

2. Detail how DDA has provided information and commentary to media outlets on urban issues during the previous quarter.

ANSWER (2) HERE

3. How has DDA been involved in the promotion of Lexington and the Bluegrass to regional and national audiences? What has been the outcome of those efforts?

ANSWER (3) HERE

Town Branch Commons

Please detail DDA activities in regard to the Town Branch Commons project in the most recent quarter. How do these actions move the project forward?

ANSWER HERE

Euclid Avenue/Collegetown Partnership

1. Describe DDA activities related to the Euclid Avenue/Collegetown area commercial corridor project in the most recent project. What are the key development projects and key retail opportunities DDA has been actively involved with in regard to the project in the most recent quarter?

ANSWER (1) HERE

2. Describe your activities working with both the University of Kentucky and the Lexington-Fayette Urban County Government Division of Planning on the Collegetown project.

ANSWER (2) HERE

Mission Statement: The Lexington Downtown Development Authority (LDDA) Promotes Physical and Economic Development That Strengthens and Maintains Downtown Lexington as the Cultural and Economic Heart of Central Kentucky

Please provide the measures of success during the most recent quarter based on the Lexington Downtown Development Authority Mission Statement. How have those measures improved compared with the most recent quarter?

ANSWER HERE

Describe efforts to diversify dependence on yearly funding from the Lexington-Fayette Urban County Government. What percentage of your funding is from Lexington-Fayette Urban County Government Dollars?

ANSWER HERE

CERTIFICATION

As the Chair or Chief Executive Officer (or equivalent) of this agency, I certify that the information provided in this Quarterly Report is true and complete to the best of my knowledge and belief.

I further agree that funds received from Lexington-Fayette Urban County Government will be used for the purposes for which they were requested and approved, and that the agency will comply with the requirements set forth in the application and the approved Purchase of Service Agreement and Addendum(s).

Name:

INSERT NAME HERE

Title:

INSERT TITLE HERE

Date:

INSERT DATE HERE

THIS REPORT AND ANY REQUIRED ATTACHMENT(S) ARE DUE IN THE OFFICE OF THE CHIEF DEVELOPMENT OFFICER NO LATER THAN:

1ST QUARTER: OCTOBER 14, 2015

2ND QUARTER: JANUARY 14, 2015

3RD QUARTER: APRIL 14, 2015

4TH QUARTER: JULY 14, 2015

THIS REPORT SHOULD BE COMPLETED AND SUBMITTED VIA EMAIL TO THE OFFICE OF THE CHIEF DEVELOPMENT OFFICER ALONG WITH QUARTERLY FUNIDNG REQUEST INVOICE TO:

Kevin Atkins

Chief Development Officer

Lexington-Fayette Urban County Government

katkins@lexingtonky.gov